

Message Text

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43

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00

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R 251034Z JUN 75

FM AMEMBASSY MOGADISCIO

TO SECSTATE WASHDC 2995

C O N F I D E N T I A L MOGADISCIO 0906

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, SO, US

SUBJECT: CONOCO INFORMS GSDR OF DECISION TO PULL OUT OF SOMALIA

REF: MOGADISCIO 0724

1. CONOCO INFORMED SOHELI SECSTATE FOR MINERAL RESOURCES ON JUNE 23 THAT CONOCO HAD DECIDED NOT RPT NOT TO CONTINUE OIL PROSPECTING ACTIVITY IN SOMALIA AFTER NOVEMBER 15 CONTRACT EXPIRATION DATE. IN CONFIDENTIAL LETTER TO SECSTATE, CONOCO SAID THAT ITS TWO PARTNERS IN SOMALI OPERATION -- AGIP AND SHELL -- WOULD NOW CONSIDER WHETHER TO TAKE OVER CONOCO'S ROLE AS OPERATOR OR WHETHER THIRD OIL COMPANY WOULD BE INVITED TO BUY OUT CONOCO'S INTEREST. ANY DECISION WOULD BE SUBJECT TO GSDR APPROVAL.

2. SECSTATE FOR MINERAL RESOURCES QUESTIONED CONOCO MGR MCWILLIAMS ON JUNE 23 AS TO REASONS FOR CONOCO DECISION. WHEN HE SUGGESTED THAT QTE TECHNICAL CONSIDERATIONS UNQTE WEREN'T REASON FOR PULL OUT GIVEN PROMISE ESTABLISHED BY TECHNICAL DATA, MCWILLIAMS TOLD HIM THAT FINANCIAL CONSIDERATIONS HAD PROMPTED MOVE. CONOCO FORCED BY FINANCIAL SQUEEZE TO DECIDE WHICH OF ITS WORLD WIDE OPERATIONS OFFERED MOST PROMISING

RESULTS AND SOMALIA WAS NOT RPT NOT MOST PROMISING OF CURRENTLY AVAILABLE INVESTMENT OPTIONS.

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3. ACCORDING MCWILLIAMS, SECSTATE ACCEPTED DECISION CALMLY, DESPITE FACT THAT DECISION CAME AS SOMETHING OF A SURPRISE. NEXT STEP WILL BE FOR AGIP AND SHELL TO DECIDE WHETHER TO TAKE OVER CONOCO'S ROLE AS OPERATOR OR WHETHER CONOCO SHOULD SEEK THIRD PARTY.

4. MCWILLIAMS IS RETURNING TO CONOCO HQS IN STAMFORD CONNECTICUT ON JUNE 28 FOR DISCUSSIONS WITH CONOCO OFFICIALS AND CONOCO'S PRITNERS.

5. CONOCO PLANS END ITS OPERATIONS HERE BY NOVEMBER 15. IT ILL IN MEANTIME CONTINUE ACTIVITY UNDER ITS 1975 CONTRACT. HAMRICK

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Subject: CONOCO INFORMS GS DR OF DECISION TO PULL OUT OF SOMALIA
TAGS: ENRG, SO, US, CONOCO
To: STATE
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